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RICHARD W. WELKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

STEPHEN J. HIRSCHFELD (SBN 118068)
DONNA M. RUTTER (SBN 145704)
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Attorneys for Defendant
ALL RISKS, LTD.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT

SAN FRANCISCO DIVISION

C 07 4633

MEJ

CRUMP INSURANCE SERVICES, INC.
a corporation and DOES 1-50, inclusive,

Case No.

**NOTICE OF REMOVAL TO FEDERAL
COURT UNDER 28 U.S.C. SECTIONS 1332
AND 1443 [DIVERSITY JURISDICTION]**

Plaintiff,

vs.

MICHAEL P. MCGRATH, an individual,
ALL RISKS, LTD., a corporation, and
Does 1 through 50, inclusive

Defendants.

TO THE CLERK OF THE COURT:

PLEASE TAKE NOTICE that Defendant All Risks, Ltd. hereby removes this action from the Superior Court of the State of California in San Francisco County to the United States District Court for the Northern District of California, pursuant to 28 U.S.C. sections 1332 and 1441.

1. This Court has original jurisdiction over this action under 28 U.S.C. Section 1332 because it involves citizens of different states and the matter in controversy exceeds the sum of Seventy-Five Thousand Dollars (\$75,000), exclusive of interest and costs.

2. Defendant All Risks, Ltd is informed and believes that on or about August 31,

2007, Plaintiff Crump Insurance Services, Inc. filed a Complaint in the Superior Court of the State of California, County of San Francisco, as Case Number CGC-87-466804 ("Complaint"). A copy of the Complaint is attached hereto as **EXHIBIT A**.

3. Plaintiff has not served the Summons and Complaint on Defendant All Risks, Ltd. or on Defendant Michael McGrath. (See Declaration of Michael P. McGrath in Support of Notice of Removal). Accordingly, this Notice of Removal is timely because it is filed fewer than thirty days after service of the Summons and Complaint. *See* 28 U.S.C. § 1446(b).

GROUND FOR REMOVAL ON THE BASIS OF DIVERSITY JURISDICTION

4. This case is properly removable pursuant to 28 U.S.C. § 1441(b), which provides:

Any civil action of which the district courts have original jurisdiction founded on a claim or right arising under the Constitution, treaties or laws of the United States shall be removable without regard to the citizenship or residence of the parties. Any other such action shall be removable only if none of the parties in interest properly joined and served as defendants is a citizen of the State in which such action is brought.

5. This action is properly removable under 28 U.S.C. § 1441 because the United States District Court has original jurisdiction over this case under 28 U.S.C. § 1332(a), as amended, which provides in pertinent part:

The district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs, and is between—

(1) citizens of different states

A. Citizenship of the Parties

6. There is complete diversity of citizenship between the Plaintiff and the Defendants.

7. Plaintiff Crump Insurance Services, Inc. is a corporation organized and existing under the laws of the State of Texas, with its principle place of business in the State of Texas. (See Exhibit A, Complaint, ¶ 1.)

8. Defendant All Risks, Ltd. is a corporation organized and existing under the laws of the State of Maryland, with its principle place of business in the State of Maryland. (See Exhibit A, Complaint, ¶ 4.)

9. Defendant Michael McGrath is a citizen and resident of the State of California.
(See Exhibit A, Complaint, ¶ 3.)

10. Defendant All Risks, Ltd. and Defendant Michael McGrath have not been served with the Summons and Complaint. (See Declaration of Michael P. McGrath in Support of Notice of Removal).

B. Amount in Controversy

11. Under 28 U.S.C. § 1332(a), district courts have diversity jurisdiction over civil actions where the amount in controversy exceeds \$75,000, exclusive of costs and interest. Plaintiff's complaint seeks an unspecified amount of damages. Where the plaintiff's complaint does not allege a specific amount of damages, the removing defendant must prove by a preponderance of the evidence that the amount in controversy exceeds \$75,000. *Singer v. State Farm Mutual Automobile Ins. Co.*, 116 F.3d 373, 376 (9th Cir. 1997). This burden is easily met if it is facially apparent from the allegations in the complaint that plaintiff's claims exceed \$75,000. *Simmons v. PCR Technology*, 209 F.Supp.2d 1029 (N.D. Cal. 2002) (holding it was facially apparent from the complaint that the amount in controversy exceeded \$75,000 where the plaintiff alleged compensatory, punitive and emotional distress damages, plus injunctive relief and attorneys' fees).

12. This is a business tort lawsuit filed by Plaintiff against a competitor, Defendant All Risks, Ltd., and a former employee who left Plaintiff's employ to work for All Risks, Ltd. (See Exhibit A, Complaint, ¶¶ 4, 18-19.) In the Complaint, Plaintiff alleges that Defendants maliciously misappropriated trade secrets and confidential information that has "significant economic value" to both businesses, intentionally disrupted Plaintiff's relationships with its employees, intentionally disrupted Plaintiff's relationships with its customers, and committed other wrongs. (See Exhibit A, Complaint, ¶¶ 17, 41, 54-55, 69.) Plaintiff seeks general damages, exemplary damages, punitive damages, injunctive relief, and other relief. (See Exhibit A, Complaint, ¶ 41 and Prayer for Relief.) The nature of this lawsuit, which involves an allegedly "malicious" misappropriation of trade secrets having "significant economic value," coupled with Plaintiff's extensive claims and demand for relief, make it facially apparent from the

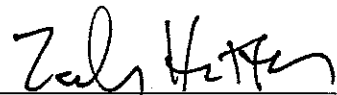
1 Complaint that Plaintiff seeks damages in excess of \$75,000. Accordingly, the jurisdictional
2 amount required for diversity jurisdiction is met in this case.

3 13. If any question arises as to the propriety of the removal of this action, Defendant
4 All Risks, Ltd. requests the opportunity to present a brief and oral argument in support of their
5 position that this case is removable.

6 WHEREFORE, Defendant All Risks, Ltd., desiring to remove this case to the United
7 States District Court for the Northern District of California, and this District being the district of
8 said Court for the County in which said action is pending, prays that the filing of this Notice of
9 Removal shall effect the removal to this Court.

10 Dated: September 7, 2007

CURIALE DELLAVERSON HIRSCHFELD
& KRAEMER, LLP

11 By: 
12
13 Stephen J. Hirschfeld
14 Donna M. Rutter
15 Zachary P. Hutton

16 Attorneys for Defendant
17 ALL RISKS, LTD.
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Exhibit A

FILED
San Francisco County Superior Court

AUG 31 2007

GORDON PARK-LI, Clerk

BY: *[Signature]* Deputy Clerk

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CASE MANAGEMENT CONFERENCE SET

Attorneys for Plaintiff CRUMP INSURANCE
SERVICES, INC. a Texas Corporation

FEB 01 2008 -9⁰⁰AM

SUMMONS ISSUED DEPARTMENT 212

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

CRUMP INSURANCE SERVICES, INC. a
Texas Corporation,

Plaintiff,

v.

MICHAEL P. MCGRATH, an individual, ALL
RISKS, LTD. a corporation, and Does 1 through
50, inclusive,

Defendants.

Case No. **CGC-07-466804**

[Unlimited Civil Complaint]

Assigned For All Purposes To The
Honorable

COMPLAINT FOR DAMAGES FOR:

- (1) BREACH OF CONTRACT;
- (2) MISAPPROPRIATION OF
TRADE SECRETS;
- (3) BREACH OF FIDUCIARY
DUTY;
- (4) INTENTIONAL
INTERFERENCE WITH
PROSPECTIVE ECONOMIC
ADVANTAGE (CLIENTS);
- (5) NEGLIGENT INTERFERENCE
WITH PROSPECTIVE ECONOMIC
ADVANTAGE (CLIENT);
- (6) INTENTIONAL
INTERFERENCE WITH
PROSPECTIVE ADVANTAGE
(EMPLOYEES);
- (7) NEGLIGENT INTERFERENCE
WITH PROSPECTIVE ECONOMIC
ADVANTAGE (EMPLOYEES)

ORIGINAL

1 Plaintiff Crump Insurance Services, Inc., as successor to Crump E&S of San Francisco
2 Insurance Services, Inc. alleges as follows:

3 I.

4 **THE PARTIES**

5 1. Plaintiff Crump Insurance Services, Inc. ("Crump") is a corporation organized and
6 existing under the laws of the State of Texas, with its principle place of business located in
7 Dallas, Texas. Crump is the successor in interest to Crump E&S of San Francisco Insurance
8 Services, Inc. Plaintiff is engaged as an intermediary in the business of providing insurance to
9 customers.

10 2. At all times material hereto Plaintiff was qualified to do business in the State of
11 California.

12 3. Defendant Michael P. McGrath ("McGrath") is an individual residing in the State
13 of California, City of Novato.

14 4. Plaintiff is informed and believes, and on that basis alleges that Defendant All
15 Risks, Ltd. ("All Risks") is a corporation believed to exist under the laws of the State of
16 Maryland, with its principal place of business located in Hunt Valley, Maryland. Defendant All
17 Risks is a competitor of Plaintiff in the insurance business.

18 5. Plaintiff is ignorant of the true names and capacities of those individuals and
19 entities sued herein as Doe Defendants 1 through 50, inclusive. Plaintiff will amend this
20 Complaint to set forth their true names and capacities at such time as they are ascertained.

21 6. Plaintiff is informed and believes, and on that basis alleges that those defendants
22 sued herein as Does 1 through 50, inclusive, participated in the wrongs alleged herein, in various
23 capacities and are liable to Plaintiff for the claims asserted herein.

24 II.

25 **BACKGROUND FACTS**

26 7. On or about June 7, 1996, Defendant Michael P. McGrath entered into a written
27 contract titled "Memorandum of Agreement" with Crump E&S of San Francisco Insurance
28 Services, Inc. Plaintiff Crump Insurance Services, Inc. is the successor in interest to Crump E&S

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1 of San Francisco Insurance Services, Inc. A true and correct copy of the Memorandum of
2 Agreement is attached hereto as Exhibit 1.

3 8. Since the original Memorandum of Agreement was entered into in 1996, the
4 parties thereto have executed extensions of the Memorandum of Agreement. On or about April
5 30, 2007, Plaintiff and McGrath executed the "Broker Compensation Agreement." The Broker
6 Compensation Agreement, effective January 1, 2007, extended the terms of the Memorandum of
7 Agreement.

8 9. Pursuant to the June 7, 1996 Memorandum of Agreement, McGrath agreed to a
9 number of terms which he has violated as alleged more particularly below.

10 10. Pursuant to paragraph 10 of the June 7, 1996 Memorandum of Agreement,
11 McGrath agreed that in the course of his employment, he would obtain confidential information
12 belonging to Crump. This information would relate to the persons, firms, and corporations which
13 were, or would become, customers of Crump. Such confidential information would include, but
14 not be limited to, the names of customers, policy expirations dates, policy terms, conditions and
15 rates, and familiarity with customers' risks. Defendant McGrath agreed that he would not
16 disclose or make use of such confidential information, except as was required in the course of his
17 employment. He further agreed that upon termination of his employment, and for a period of one
18 year thereafter, he would not disclose or make use of such confidential information without the
19 prior written consent of Crump.

20 11. Pursuant to paragraph 11 the June 7, 1996 of the Memorandum of Agreement,
21 McGrath agreed that all records, files, manuals, lists of customers, blanks, forms, materials,
22 supplies, computer programs and other materials furnished to him by Crump would remain the
23 property of Crump. He further acknowledged that this property was confidential and not readily
24 accessible to Crump's competitors. Upon termination of the employment relationship, McGrath
25 agreed that he would immediately deliver to Crump or its authorized representatives all such
26 property, including copies.

27 12. Pursuant to paragraph 13 of the Memorandum of Agreement, McGrath agreed that
28 so long as he working for Crump, he would not engage in business activities competitive with the

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1 work he performed for Crump.

2 13. McGrath further agreed pursuant to paragraph 14 of the Memorandum of
3 Agreement, that he would not solicit employees of Crump for any other competitive company.

4 14. McGrath also agreed pursuant to paragraph 16 of the Memorandum of Agreement
5 that he would provide 15 days prior written notice to Crump should he wish to terminate his
6 position as an employee of Crump.

7 15. At some time prior to June 3, 2007, McGrath negotiated with Defendant All Risks
8 to cease being an employee of Plaintiff Crump and instead to become an employee of All Risks.
9 At some time prior to June 3, 2007, McGrath decided that he would terminate his employment
10 with Crump and begin employment with All Risks.

11 16. Prior to June 3, 2007, Defendant McGrath decided that he would take advantage of
12 the proprietary information of Crump and use such information to the advantage of himself and
13 his new employer, All Risks.

14 17. On or about May 31, 2007, after having decided that he would be leaving Plaintiff
15 Crump, and that he would be working for Defendant All Risks, Defendant McGrath, in violation
16 of the terms of this contract, and his obligations to Plaintiff, obtained information from Plaintiff
17 on expiration dates of policies, commissions, and customer renewal information. This
18 information was proprietary and confidential and of significant economic value to Plaintiff, and
19 would similarly have significant economic value to Defendant All Risks.

20 18. On or about June 3, 2007, without complying with the minimum 15 days written
21 notice provision set forth in the Memorandum of Agreement, paragraph 16, McGrath abruptly
22 notified Crump that he was terminating his employment with Crump and immediately
23 commencing employment with a competitor, Defendant All Risks.

24 19. Since June 4, 2007, Defendant McGrath has been an employee of Defendant All
25 Risk and has engaged in the conduct alleged herein below.

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III.

FIRST CAUSE OF ACTION

[Breach of Contract – Against Defendant McGrath]

20. Crump incorporates by reference herein the allegations of paragraph 1 through 19 above.

21. Pursuant to the express terms of the June 7, 1996 Memorandum of Agreement, as renewed at various times through and including January 1, 2007, McGrath had agreed to those express obligations noted above in paragraphs 10 through 14 with respect to the utilization of confidential information belonging to Crump.

22. Plaintiff is informed and believes, and on that basis alleges that McGrath breached a number of provisions of the June 7, 1996 Memorandum of Agreement, including but not limited to paragraph 10, paragraph 11, paragraph 13, paragraph 14, and paragraph 16 thereof.

23. In particular, McGrath improperly and unlawfully misappropriated and used confidential information belonging to Crump. Plaintiff is informed and believes, and on that basis alleges that that this information included the identity of persons, firms and corporations which had become customers or accounts of Crump.

24. Plaintiff is informed and believes, and on that basis alleges that that the information used by McGrath also included the source with which the insurance was placed, as well as the names of customers, policy expiration dates, policy terms, conditions and rates and familiarity with the customers' risk, all of which were agreed constituted confidential information belonging to Crump.

25. At no time did Crump give its written consent to McGrath to utilize any of the confidential information.

26. Plaintiff is informed and believes, and on that basis alleges that McGrath disclosed to his new employer, All Risks, the confidential information which belonged to Crump.

27. McGrath breached the June 7, 1996 Memorandum of Agreement in that he improperly and unlawfully took for his own use, and the use of his new employer, All Risks, records, files and lists as well as other materials which had been furnished to him as a Crump

1 employee. Plaintiff is informed and believes, and on that basis alleges that that such information
2 included confidential information belonging to Crump.

3 28. Plaintiff is informed and believes, and on that basis alleges that Defendant
4 McGrath obtained and has used electronic versions of confidential information of Crump.

5 29. Plaintiff is informed and believes, and on that basis alleges that while still under
6 the employ of Crump, Defendant McGrath engaged in business activities which were competitive
7 with the work he performed at Crump, in violation of his obligations to Crump.

8 30. Plaintiff is informed and believes, and on that basis alleges that while still an
9 employee of Crump, Defendant solicited Crump employees to cease their employment with
10 Crump, and instead commence employment with McGrath's new employer, All Risks.

11 31. Notwithstanding the fact that McGrath had agreed that he would provide 15 days
12 prior written notice to Crump should he wish to terminate the June 7, 1996 Memorandum of
13 Agreement, Crump breached such provision and failed to provide timely written notice of his
14 intent to terminate the relationship.

15 32. Plaintiff has performed each and every obligation imposed on it by the contract of
16 the parties in accordance with the terms thereof, except to the extent that such performance was
17 excused or prevented by the acts of defendant.

18 33. Plaintiff has been damaged by the various breaches of contract of McGrath in an
19 amount which has not yet been ascertained. Plaintiff will seek leave of this Court to state the
20 amount of its damages at such time as they are ascertained.

21 IV.

22 SECOND CAUSE OF ACTION

23 [Misappropriation Of Trade Secrets --

24 Against Defendants McGrath, All Risks and Does 1-50.]

25 34. Plaintiff incorporates herein by reference the allegations in paragraphs 1 through
26 33 above.

27 35. During the course of his employment, Defendant McGrath had access to, and was
28 provided various trade secrets which belonged to Plaintiff. These include, *inter alia*, client lists,

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1 expiration lists, underlying client information, and information regarding co-employees.

2 36. The information provided to Defendant McGrath was provided to him so that he
3 could perform his duties and obligations as an employee of Plaintiff. The information made
4 known to Defendant McGrath constituted trade secrets within the meaning of California Civil
5 Code Section 3426 *et seq.*

6 37. The information made known to Defendant McGrath had independent economic
7 value and was not generally known to the public or to other persons who could obtain economic
8 value from its disclosure or use.

9 38. At all times material hereto, Plaintiff took reasonable and appropriate efforts to
10 maintain the secrecy of its trade secrets.

11 39. Plaintiff is informed and believes, and on that basis alleges Defendants McGrath,
12 All Risks and Does 1-50 made use of the trade secrets of Plaintiff. Further, Defendants All Risks
13 and Does 1-50 obtained economic benefit by the use of the Plaintiff's trade secret.

14 40. Defendants have been unjustly enriched in that they have obtained the economic
15 value of the trade secrets of Plaintiff.

16 41. Plaintiff is informed and believes, and on that basis alleges that Defendants actions
17 were willful and malicious in misappropriating the trade secrets of Plaintiff, such that exemplary
18 damages may be awarded pursuant to Civil Code Section 3426.3.

19 42. Plaintiff has been damaged in an amount which is not presently known to Plaintiff.
20 Plaintiff will amend this Complaint to set forth the amount of damages it sustained at such time as
21 that amount is ascertained.

22 V.

23 **THIRD CAUSE OF ACTION**

24 **[Breach Of Fiduciary Duty – Against Defendant McGrath]**

25 43. Plaintiff incorporates herein by reference the allegations in paragraphs 1 through
26 42 above.

27 44. Defendant McGrath was a fiduciary of Plaintiff as a result of the position he held
28 and with respect to the information provided to him such as client lists, expiration lists,

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1 underlying client information, and information relating to employees of Plaintiff.

2 45. Defendant McGrath was obligated as a fiduciary to make use of the information
3 provided to him solely in performing his obligation to Plaintiff.

4 46. Defendant McGrath breached his fiduciary duty to Plaintiff by, *inter alia*,
5 supplying to a competitor, All Risks, the information identified hereinabove, and making use of
6 that information to obtain from All Risk the benefits of that information and the business it
7 generated.

8 47. Defendant McGrath breached his fiduciary duty to Plaintiff by using the
9 information relating to employees of Plaintiff in order to solicit such employees to leave Plaintiff
10 Crump and to join Defendant All Risks.

11 48. As a result of the breach of fiduciary duty, Plaintiff has been damaged in an
12 amount not yet ascertained. Plaintiff will amend this Complaint to set forth such amount when
13 the amount has been ascertained.

14 49. The conduct of Defendant McGrath was undertaken with malice and oppression
15 with the desire to harm Plaintiff such that Plaintiff is entitled to the award of punitive damages
16 from Defendant McGrath.

17 VI.

18 **FOURTH CAUSE OF ACTION**

19 **[Intentional Interference With Prospective Economic Advantage (Clients) – Against**
20 **Defendants McGrath and All Risks and Does 1-50]**

21 50. Plaintiff incorporates herein by reference the allegations in paragraphs 1 through
22 49 above.

23 51. Plaintiff has a prospective economic advantage with respect to those of its
24 customer known to McGrath, to whom Plaintiff had provided insurance services.

25 52. Plaintiff is informed and believes, and on that basis alleges that Defendant All
26 Risks and Does 1-50 were aware of the fact that Plaintiff had a continuing prospective economic
27 advantage with respect to Plaintiff's clients who were known to Defendant McGrath. This
28 prospective economic advantage was derived from, in part, the confidential information of

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1 Crump.

2 53. Plaintiff had a reasonable expectation and likelihood that it would continue to
3 obtain the economic advantage arising from its preexisting relationships between Plaintiff and its
4 clients who were serviced or otherwise known to Defendant McGrath. Absent the conduct of
5 Defendants alleged herein, the economic relationship would have continued.

6 54. Plaintiff is informed and believes, and on that basis alleges that Defendant All
7 Risks and Does 1-50 intended to interfere with that prospective economic advantage and did so
8 by making use of the confidential information provided to it by Defendant McGrath.

9 55. The actions of Defendants actually caused the disruption of the economic
10 relationship between Plaintiff and some of its customers who were known to Defendant McGrath.

11 56. As a result of that conduct, Plaintiff has been damaged in an amount not yet
12 ascertained. Plaintiff will seek leave to amend this Complaint at such time as the amount of
13 damages are ascertained.

14 57. The conduct of Defendant All Risks and Does 1-50 was undertaken with malice
15 and oppression with the desire to harm Plaintiff such that Plaintiff is entitled to the award of
16 punitive damages from Defendant All Risks.

17 **VII.**

18 **FIFTH CAUSE OF ACTION**

19 **[Negligent Interference With Prospective Economic Advantage (Clients) – Against**
20 **Defendants McGrath and All Risks and Does 1-50]**

21 58. Plaintiff incorporates herein by reference the allegations in paragraphs 1 through
22 49 above.

23 59. Plaintiff has a prospective economic advantage with respect to those of its
24 customer known to McGrath, to whom Plaintiff had provided insurance services.

25 60. Plaintiff is informed and believes, and on that basis alleges that Defendant All
26 Risks and Does 1-50 were aware of the fact that Plaintiff had a continuing prospective economic
27 advantage with respect to Plaintiff's clients who were known to Defendant McGrath. This
28 prospective economic advantage was derived from, in part, the confidential information of

1 Crump.

2 61. Plaintiff had a reasonable expectation and likelihood that it would continue to
3 obtain the economic advantage arising from its preexisting relationships between Plaintiff and its
4 clients who were serviced or otherwise known to Defendant McGrath. Absent the conduct of
5 Defendants alleged herein, the economic relationship would have continued.

6 62. Plaintiff is informed and believes, and on that basis alleges that Defendant All
7 Risks and Does 1-50 knew that if they did not act with reasonable care, their conduct would
8 interfere with the prospective economic advantage.

9 63. Defendants did not act with due care, but instead acted negligently in that they did
10 not take appropriate steps to insure that Defendant McGrath did not misuse the proprietary
11 information of Crump by McGrath.

12 64. The actions of Defendants actually caused the disruption of the economic
13 relationship between Plaintiff and some of its customers who were known to Defendant McGrath.

14 65. As a result of that conduct, Plaintiff has been damaged in an amount not yet
15 ascertained. Plaintiff will seek leave to amend this Complaint at such time as the amount of
16 damages are ascertained.

17 VIII.

18 SIXTH CAUSE OF ACTION

19 [Intentional Interference With Prospective Economic Advantage (Employees) – Against
20 Defendants McGrath and All Risks and Does 1-50]

21 66. Plaintiff incorporates herein by reference the allegations in paragraphs 1 through
22 49 above.

23 67. Plaintiff is informed and believes, and on that basis alleges that Defendant All
24 Risks and Does 1-50 were aware of the fact that Plaintiff had a continuing prospective economic
25 advantage with respect to its employees who were known to Defendant McGrath.

26 68. Plaintiff had a reasonable expectation and likelihood that it would continue to
27 obtain the economic benefits provided by those employees, arising from its preexisting
28 employment relationships.

69. Plaintiff is informed and believes, and on that basis alleges that Defendant All Risks and Does 1-50 intended to interfere with that prospective economic relationship existing with Plaintiff's employees, and did so by making use of the confidential information provided to it by Defendant McGrath with regard to such employees.

70. Plaintiff is informed and believes, and on that basis alleges that as a result of the actions of Defendants, the employees were induced to terminate their employment with Plaintiff and commence employment with Defendant All Risks.

71. As a result of that conduct, Plaintiff has been damaged in an amount not yet ascertained. Plaintiff will seek leave to amend this Complaint at such time as the amount of damages are ascertained.

72. The conduct of Defendant All Risks and Does 1-50 was undertaken with malice and oppression with the desire to harm Plaintiff such that Plaintiff is entitled to the award of punitive damages from Defendant All Risks.

IX.

SEVENTH CAUSE OF ACTION

[Negligent Interference With Prospective Economic Advantage (Employees) – Against Defendants McGrath and All Risks and Does 1-50]

73. Plaintiff incorporates herein by reference the allegations in paragraphs 1 through 49 above.

74. Plaintiff is informed and believes, and on that basis alleges that Defendant All Risks and Does 1-50 were aware of the fact that Plaintiff had a continuing prospective economic advantage with respect to its employees who were known to Defendant McGrath.

75. Plaintiff had a reasonable expectation and likelihood that it would continue to obtain the economic benefits provided by those employees, arising from its preexisting employment relationships.

76. Plaintiff is informed and believes, and on that basis alleges that Defendant All Risks and Does 1-50 knew that if they did not exercise due care, that their conduct would interfere with that prospective economic relationship existing with Plaintiff's employees.

1 77. Defendants acted negligently in that they did not take appropriate steps to insure
2 that no improper use of Plaintiff's proprietary information about its employees was use in order to
3 seek to induce such employees to terminate their relationship with Plaintiff. Instead, confidential
4 information provided to Defendant All Risks by Defendant McGrath with regard to such
5 employees was used.

6 78. Plaintiff is informed and believes, and on that basis alleges that as a result of the
7 actions of Defendants, the employees were induced to terminate their employment with Plaintiff
8 and commence employment with Defendant All Risks.

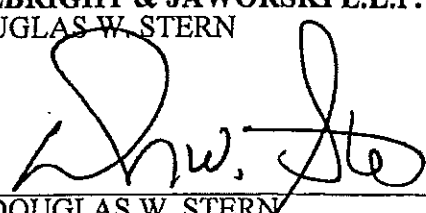
9 79. As a result of that conduct, Plaintiff has been damaged in an amount not yet
10 ascertained. Plaintiff will seek leave to amend this Complaint at such time as the amount of
11 damages are ascertained.

12 WHEREFORE, Plaintiff prays for judgment as follows:

- 13 1. For damages according to proof;
14 2. For punitive damages;
15 3. For appropriate injunctive relief preventing the use by Defendants of Plaintiffs
16 proprietary information;
17 4. For costs of suit herein;
18 5. For such other and further relief as the Court deems just and proper.

19 Dated: August 30, 2007

FULBRIGHT & JAWORSKI L.L.P.
DOUGLAS W. STERN

20
21
22 By 
23 DOUGLAS W. STERN
24 Attorneys for Plaintiff CRUMP INSURANCE
25 SERVICES, INC.
26
27
28